

Message Text

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22

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02 INR-07

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SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 SAJ-01

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9191

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L LONDON 02738

E.O. 11652: GDS

TAGS: ENRG EEC UK

SUBJECT: EC ENERGY POLICY: BRITISH VIEWS ON EMERGENCY
SHARING, MSP AND ACCESS TO NORTH SEA OIL

1. BRITISH SOURCES BELIEVE DE FACTO AGREEMENT ON EC
EMERGENCY SHARING COULD BE REACHED BY EC COUNCIL MEETING
IN MARCH. EGERTON (FCO ENERGY) ANTICIPATES HOWEVER
FRENCH MAY INSIST THAT FORMAL ACCEPTANCE OF EC SHARING
AGREEMENT BE HELD UP UNTIL SUCH TIME AS A PACKAGE IN-
CLUDING MSP AND FINANCING OF NUCLEAR FACILITIES, ETC. IS
NEGOTIATED. HE FORECASTS THIS COULD TAKE ANOTHER SIX
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MONTHS OR MORE. CONVERSELY, GILLIAN BROWN (UNDER SECRE-

TARY, ENERGY) SUGGESTS IT MAY BE POSSIBLE TO OBTAIN
EARLY AGREEMENT ON EC SHARING AND \$7 PRICE LEVEL FOR MSP
WITH DETAILED IMPLEMENTATION OF LATTER LEFT FOR FURTHER
NEGOTIATION.

2. EGERTON ACKNOWLEDGES FRENCH WITH SUBSTANTIAL SUPPORT
FROM DANES AND GERMANS MAY TRY TO NEGOTIATE FREE ACCESS
RIGHTS TO NORTH SEA OIL IN EXCHANGE FOR ACCEPTANCE OF
DETAILED MSP. HE INSISTS BRITISH WILL RESIST BY ARGUING
THAT ONLY PRODUCTS, NOT CRUDE OIL, ARE COVERED BY ROME
TREATY. MOREMVER, UK WILL POINT OUT THAT WHILE INDI-
GENOUS NORTH SEA PRODUCTION IS CERTAINLY EXEMPT FROM ROME
TREATY PROVISIONS, EUROPE AND US ARE NATURAL MARKETS FOR
BRITISH EXPORTS OF CRUDE AS WELL AS REFINED PRODUCTS.
(IN THIS REGAPD, BRITISH MAY INFORMALLY NOTE BUT NOT
OBJECT TO EXTENSION (WHICH EXPIRED DECEMBER 31, 1975) OF
EXEMPTION FROM FREE MOVEMENT PROVISIONS OF TREATY FOR
CRUDE OIL IMPORTS AFFORDED UNDER FRENCH REGIME OF 1928.
EGERTON EXPECTS COMMISSION AND OTHER EC STATES WILL AGREE
TO EXTENSION REQUESTED BY FRENCH. HE INTIMATES BRITISH
WOULD NOT BE ADVERSE TO TAKING ADVANTAGE OF FAILURE OF
OTHER EC PARTNERS TO OBJECT TO FRENCH EXCEPTION.)

3. COMMENT: BRITISH OFFICIALS HAVE USUALLY HEDGED
WHEN QUERIED ABOUT APPLICABILITY OF ROME TREATY'S FREE
MOVEMENT PROVISIONS TO NORTH SEA CRUDE. EGERTON'S RE-
MARKS ARE FIRST UNQUALIFIEDLY BLUNT ASSERTION WE HAVE
HEARD THAT HMG WILL INSIST ON TOTAL EXEMPTION FROM
TREATY PROVISIONS.

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